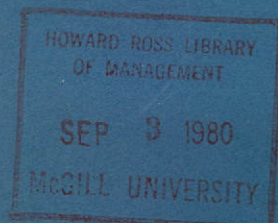


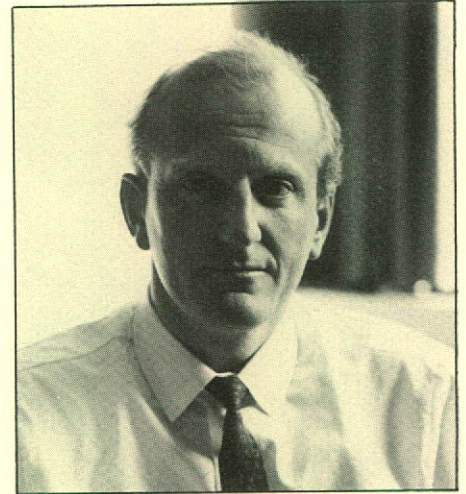
Guardian Growth Fund Limited

Twentieth Anniversary Report



	July 1st 1960	July 1st 1980	% Change	Annualized
GUARDIAN GROWTH FUND LIMITED	\$ 1.00	\$ 20.17	+ 1,917.0%	+ 16.2%
Toronto Stock Exchange "300" Composite Index	505.11	2061.35	+ 308.1%	+ 7.3%
Dow-Jones Industrial Average	640.62	867.92	+ 35.5%	+ 1.5%

A Special Message from The President



Norman Short
President of Guardian, and
one of its founders.

On July 1st, 1980, Guardian Growth Fund Limited was twenty-years old. On the same day, by a happy coincidence, the value of the Fund's shares was slightly in excess of \$20.00 per share, having risen in value from \$1.00 per share at inception on July 1st, 1960.

Guardian was a very small fund in the first two or three years of its existence. It is likely, therefore, that only a few of today's Guardian shareholders were with us in the very early days. We know, however, that some of you did buy your first Guardian shares in the early part of the 1960's. More joined in the middle 1960's, and quite a few no doubt purchased their holding in the "mini-rush" which preceded the cutting-off of sale of shares in April 1968, when the net asset value per share was between \$7.00 and \$7.50 per share.

We believe, however, that a twentieth anniversary is sufficient cause for sending out to shareholders a somewhat more elaborate quarterly report than is our normal practice.

In stock market terms, the past twenty years has been an interesting and quite turbulent period. The period from 1960 to 1968 was the culmination of the great 1949 - 1968 bull market. When Guardian was formed, the exceptional value period of 1949 - 1953 was long since gone; indeed the middle phase of a major bull market, when prices, earnings and business conditions all advance together, was well under way. Periodic shake-outs of course occurred, but each was succeeded by an advance to new highs. By the mid-1960's, the North American stock markets were well into a classic Phase III or fifth leg, when optimism was rampant, and stock prices discounted not only a bounteous present, but an infinitely rosy future. All the usual abuses took place in this period.

The rosy glow of 1968 was destroyed by the two vicious bear markets of 1969 - mid-1970, and 1973 - 1974. In the interval between these two declines, U.S. institutions were able to demonstrate their fallibility by paying much too much for a small group of unusually good companies. Fortunately these "nifty-fifty" companies followed their own strategies without being unduly distracted by this stock market aberration.

Following the second wave of the bear market which ended in the fourth quarter of 1974, a new bull market began which is still in force. We are probably now starting to move from Phase I when values are exceptional and nearly all investors are cautious or depressed into Phase II when prices, earnings and attitudes all improve together. The Canadian market is perhaps further into Phase II than the U.S. market, and the Canadian junior market is certainly more advanced in phase than the Canadian institutional market. If this analysis is correct, however, North American investors can still look forward to most of Phase II, and after a shake-out, to the exciting and eventually dangerous Phase III.

The outlook for Guardian should therefore be favourable. It will be important to remember the scars of the 1969 - 1970 and 1973 - 1974 bear markets, but not too much, and not too soon. When nearly everyone has forgotten these episodes, then it will be time to remember them. In the meanwhile, from a major trend point of view, it is still time to participate, relax and enjoy.

Norman Shaw

Guardian
Growth
Fund Limited

48 Yonge Street
Toronto, Ontario, Canada
M5E 1H3

Telephone: (416) 364-8341
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July 18, 1980.

To The Shareholders:

The following table compares the Fund's results with the market averages for the quarter ended June 30, for the year 1980 to date, as well as for the latest twelve month period.

	Market Value June 30 1980	Percentage Change Since March 31 1980	Dec. 31 1979	June 30 1979
GUARDIAN GROWTH FUND LIMITED				
Net Asset Value Per Share	\$20.17	+11.4%	+14.5%	+38.8%
Toronto Stock Exchange "300" Composite Index	2061.35	+14.7%	+13.7%	+27.4%
Dow-Jones Industrial Average	867.92	+10.5%	+ 3.5%	+ 3.1%

The cash position of your Fund was reduced significantly during the quarter just ended; we used this cash to increase our exposure in several segments of the portfolio.

The gold position, which had been trimmed to a very small holding during the great run-up of December 1979/January 1980, was again increased to about 10% during the quarter, at prices significantly below current levels. We believe that, with the U.S. recession clearly visible, the risk of accelerating inflation may soon again become the focal point of investors anxious to preserve and enhance their wealth. Gold bullion clearly plays a major role in accomplishing this goal.

We have added several new, attractive oil and gas companies to the energy section, including Energy Reserves, Texas International and Williams Companies; all these companies are exploring for oil and gas in interesting geographical areas of the U.S. where the returns available on new finds are higher than in Canada.

Finally, we have started to increase our participation in the consumer related areas, based on the fact that recessionary expectations have created some good values in this important economic sector, particularly in companies with a proven ability to grow much faster than the economy as a whole in post-recessionary periods.

On the economic front, the long awaited U.S. recession is now clearly in place. Current forecasts vary from a short sharp recession followed by vigorous recovery (the V forecast) to a deep recession with no recovery at all (the L forecast) with the usual variety of possibilities in between.

We lean towards the V forecast scenario because of the automatic stabilisers which are built into the system; because housing, which was crunched by costly money, should now revive with relatively less costly money; because the U.S. auto population is now old, and new U.S. auto models are probably the best in years; because defense and energy spending is not likely to decline; and last but not least, because the U.S. President will probably be more incentive and supply-side oriented once the presidential election is out of the way.

With regard to the stock market, it became oversold early in the second quarter, and we therefore reduced our cash reserves again. The market is currently supported by value considerations, by monetary influences, and by technical factors measuring momentum and sentiment. We are therefore at present rather fully invested.

On behalf of the Board,

Yours sincerely,

Norman Short
Gurston Rosenfeld
John Bak
Peter Brieger

GUARDIAN GROWTH FUND LTD.

PORTFOLIO VALUATION
AS AT JUNE 30, 1980

<u>Shares Held</u>	<u>Security</u>	<u>Average Cost</u>	<u>Market Price</u>	<u>Market Value Canadian \$</u>	<u>% of Assets</u>
	Cash, Accruals and Short Term Notes	\$ 612,918		\$ 608,864	6.1%
	<u>Gold</u>				
1,340 Oz.	Gold Bullion	\$ 794,882	\$650.000 US	\$ 1,002,521	10.1%
	<u>Consumer-Small and Medium Ticket</u>				
4,700	Columbia Pictures	\$ 180,827	29.250 US	\$ 158,234	
4,500	Disney (Walt) Productions	263,644	48.000 US	248,616	
5,000	Hilton Hotels Corp.	181,847	30.000 US	172,650	
4,300	Jerrico Inc.	90,346	22.625 US	111,978	
2,500	Viacom International	98,524	39.000 US	112,223	
		\$ 815,188		\$ 803,701	8.1%
	<u>Defense</u>				
4,650	Boeing Company	\$ 198,663	35.000 US	\$ 187,325	
9,400	Fairchild Industries	270,973	22.750 US	246,141	
4,300	General Dynamics Corp.	178,764	66.125 US	327,272	
4,700	Litton Industries	241,658	48.875 US	264,399	
3,400	Raytheon Company	266,380	74.250 US	290,570	
		\$ 1,156,438		\$ 1,315,707	13.3%
	<u>Energy</u>				
3,300	Aquitaine Company of Canada	\$ 171,316	66.500	\$ 219,450	
6,000	Coastal Corp.	175,668	27.875 US	192,505	
9,700	Eastern Gas & Fuel Assoc.	252,341	22.375 US	249,810	
6,000	Energy Reserve	92,133	14.750 US	101,864	
3,300	Gulf Oil Corp.	142,461	40.375 US	153,356	
19,600	MCO Holdings Ltd.	191,683	13.000 US	293,275	
3,100	Mobil Corp.	179,911	71.250 US	254,227	
17,600	Pancontinental Mining Ltd.	153,816	9.056	159,386	
9,100	Ram Petroleum	104,220	22.500	204,750	
2,100	Standard Oil of California	135,384	76.875 US	185,815	
6,600	Texas International	202,565	25.875 US	196,562	
2,600	William Cos.	95,126	30.625 US	91,648	
		\$ 1,896,624		\$ 2,302,648	23.3%

<u>Shares Held</u>	<u>Security</u>	<u>Average Cost</u>	<u>Market Price</u>	<u>Market Value Canadian \$</u>	<u>% of Assets</u>
<u>Health Care</u>					
10,150	Hospital Corp. of America	\$ 172,808	\$35.875 US	\$ 419,115	
21,491	National Medical Enterprises	240,977	32.500 US	803,925	
2,800	SmithKline Corp.	179,556	58.375 US	188,131	
		<u>\$ 593,341</u>		<u>\$ 1,411,171</u>	14.3%
<u>International</u>					
156,906	Guardian World Equity Fund	\$ 787,500	6.651	\$ 1,043,584	10.5%
<u>Mining and Metals</u>					
500	Falconbridge Nickel	\$ 50,100	99.000	\$ 49,500	
3,000	Placer Development Ltd.	60,163	19.125	57,375	
		<u>\$ 110,263</u>		<u>\$ 106,875</u>	1.1%
<u>Technology</u>					
4,400	Control Data	\$ 257,982	53.875 US	\$ 272,845	
9,750	Esterline Corp.	226,069	32.375 US	363,320	
		<u>\$ 484,051</u>		<u>\$ 636,165</u>	6.4%
<u>Other Holdings</u>					
25,000	Global Natural Resources	\$ 27,084	11.375 US	\$ 327,316	
11,099	Trinity Resources	25,664	14.250	158,161	
7,200	Xtra Inc.	182,186	16.625 US	137,775	
	Miscellaneous	106,430		47,253	
		<u>\$ 341,364</u>		<u>\$ 670,505</u>	6.8%
<u>TOTAL NET ASSETS</u>		<u>\$ 7,592,569</u>		<u>\$ 9,901,741</u>	<u>100.0%</u>
<u>SHARES OUTSTANDING</u>				<u>490,981</u>	
<u>NET ASSET VALUE PER SHARE</u>				<u>\$20.17</u>	

U.S. Exchange Rate \$1.1510

GUARDIAN GROWTH FUND LIMITED

STATEMENT OF INCOME AND EXPENSES

FOR THE SIX MONTHS ENDED JUNE 30, 1980
(unaudited)

	<u>1980</u>	<u>1979</u>
<u>INCOME</u>		
Dividends	\$176,135	\$ 91,247
Interest	<u>109,461</u>	<u>47,566</u>
	285,596	138,813
Less: Income and withholding taxes	<u>12,098</u>	<u>14,847</u>
	<u>273,498</u>	<u>123,966</u>
<u>EXPENSES</u>		
Management fee and performance bonus (Note 1)	95,828	56,044
Other expenses	<u>-</u>	<u>2,551</u>
	<u>95,828</u>	<u>58,595</u>
INCOME BEFORE THE FOLLOWING ALLOCATION	177,670	65,371
50% OF MANAGEMENT FEE CHARGED TO CAPITAL REDEMPTION RESERVE	<u>47,914</u>	<u>28,022</u>
<u>NET INCOME FOR THE PERIOD</u>	<u>\$225,584</u>	<u>\$ 93,393</u>
NET INCOME PER SHARE (Based on the average number of shares outstanding during the period)	<u>\$0.45</u>	<u>\$0.16</u>

- Notes: 1) A management fee, based on the net assets of the fund, is payable monthly to the Manager, Guardian Capital Investment Counsel Limited, for investment portfolio management, accounting and administration. In addition, a performance bonus is paid each year if the performance of the fund exceeds that of certain stock market averages.
- 2) An unaudited statement of portfolio transactions, for the six months ended June 30, 1980, may be obtained without charge by writing to the Manager, at Suite 500, 48 Yonge Street, Toronto, Ontario, M5E 1H3.

GUARDIAN GROWTH FUND LIMITED

STATEMENT OF CHANGES IN NET ASSETS

FOR THE SIX MONTHS ENDED JUNE 30, 1980

(unaudited)

	<u>1980</u>	<u>1979</u>
<u>ADDITIONS TO NET ASSETS</u>		
Realized gain on sale of investments		
Proceeds from sales	<u>\$ 5,271,205</u>	<u>\$3,997,410</u>
Cost of sales		
Cost of investments at beginning of period	5,649,781	5,415,211
Cost of purchases during the period	<u>5,422,322</u>	<u>3,228,057</u>
	11,072,103	8,643,268
Cost of investments at end of period	<u>6,979,648</u>	<u>5,717,981</u>
	<u>4,092,455</u>	<u>2,925,287</u>
Realized gain	1,178,750	1,072,123
Net income for the period	<u>225,584</u>	<u>93,393</u>
	<u>1,404,334</u>	<u>1,165,516</u>
<u>DEDUCTIONS FROM NET ASSETS</u>		
Unrealized depreciation of investments	67,787	433,207
50% of management fee charged to capital redemption reserve	47,914	28,022
Preference shares redeemed (1980 - 27,268 shares; 1979 - 57,111 shares)	<u>517,745</u>	<u>792,886</u>
	<u>633,446</u>	<u>1,254,115</u>
INCREASE (DECREASE) IN NET ASSETS	770,888	(88,599)
NET ASSETS AT BEGINNING OF PERIOD	<u>9,130,853</u>	<u>8,363,363</u>
NET ASSETS AT END OF PERIOD	<u>\$ 9,901,741</u>	<u>\$8,274,764</u>
NET ASSET VALUE PER SHARE - January 1	<u>\$17.62</u>	<u>\$13.34</u>
NET ASSET VALUE PER SHARE - June 30	<u>\$20.17</u>	<u>\$14.53</u>

Officers and Directors

John Bak, Director
Peter A. Brieger, Director
C. Verner Christensen, Secretary-Treasurer & Director
Elinor Crighton, Assistant Secretary
Gurston I. Rosenfeld, Vice-President & Director
Norman J. Short, President & Director
Bernice Wade, Director

Banker and Custodian of Securities

Bank of Nova Scotia,
44 King Street West,
Toronto, Ontario.

Auditors

Smith, Nixon & Co.,
372 Bay Street,
Toronto, Ontario.

Legal Counsel

Day, Wilson, Campbell,
250 University Avenue,
Toronto, Ontario.

